

DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of Financial & Insurance Services

In the matter of:

Cranbrook Insurance
Underwriters Agency, Inc.

Order No. 04-026M

John A. Williamson

Respondents

Issued and entered
on 25 October, 2006
By Linda A. Watters
Commissioner

CONSENT ORDER AND STIPULATION

A. Findings of fact and conclusions of law

1. At all pertinent times, John A. Williamson ("Respondent") was a licensed resident producer with qualifications in Life, Accident and Health, and Property and Casualty insurance in the State of Michigan.
2. Cranbrook Insurance Underwriters Agency, Inc. ("CIUA"), is a licensed resident producer with qualifications in Life, Accident and Health, and Property and Casualty insurance in the State of Michigan. Respondent is the owner of CIUA, collectively they are hereafter referred to as Respondents.
3. As a licensed, resident, producer, Respondents knew or had reason to know that Section 1207(1) of the Insurance Code provides: 1) An agent shall be a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an agent in a timely manner to turn over the money, which he or she holds in a fiduciary capacity to the persons to whom they are owed, is prima facie evidence of violation of the agent's fiduciary responsibility.
4. Respondents further knew or had reason to know that Section 1207(2) of the Insurance Code provides (2) An agent shall use reasonable accounting

methods to record funds received in his or her fiduciary capacity including the receipt and distribution of all premiums due each of his or her insurers. An agent shall record return premiums received by or credited to him or her which are due an insured on policies reduced or canceled or which are due a prospective purchaser of insurance as a result of a rejected or declined application.


5. Respondents further knew or had reason know that Section 1239(1)(d) of the Insurance Code provides that the Commissioner may revoke, suspend, and/or levy a civil fine for improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
6. Respondents further knew or had reason to know that Section 1239(1)(h) of the Insurance Code provides that the Commissioner may revoke, suspend, and/or; levy a civil fine for using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
7. Respondents business consisted of primarily agency billed accounts and Respondent created a separate account designated as "449," in this account premium credit refunds owed to insured clients were kept. Respondents kept at least \$138,000 in client credits in this "449" account. Respondents failed to timely refund clients their money from unearned premiums
8. Respondents have now refunded all premium credit funds to their respective clients.
9. At all times the premium credit funds were retained intact in a bank account. At no time did Respondents misappropriate any of the above funds. Further, Respondents no longer agency bill accounts; all accounts are now direct bill and all refunds are made directly to the consumer by the insurers.
10. Based on Respondents' conduct of holding at least \$138,000 in client credits in the "449" account, Respondents have violated Sections 1207(1) and 1239(1)(d) of the Insurance Code.

A. ORDER

Based on the findings of fact and conclusions of law above and Respondents' stipulation, it is ORDERED that:

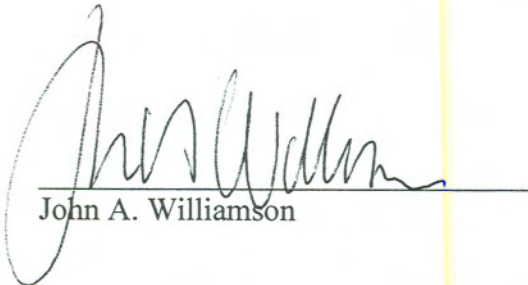
1. Respondents shall immediately CEASE and DESIST from operating in such a manner as to violate Sections 1207(1) AND 1239(1)(d) of the Code.

2. Respondents shall pay to the State of Michigan, through the Office of Financial and Insurance Services, a civil fine in the aggregate amount of three thousand five hundred dollars (\$3,500.00). This fine shall be paid within thirty (30) days of the date of issuance of this order.
3. Failure to timely pay the fine in full will result in automatic suspension of Respondents' licenses, which suspension shall continue until full payment is made.

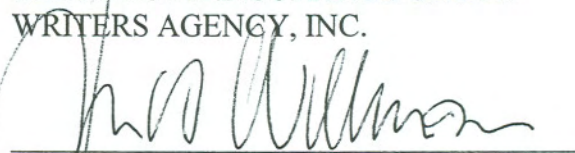

Linda A. Watters
Commissioner

C. STIPULATION

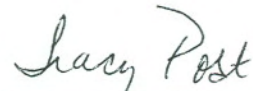
I have read and understand the consent order above. I agree that the Commissioner has jurisdiction and authority to issue this consent order pursuant to the Insurance Code. I have authority to sign this document on behalf of Westport Insurance Corporation. I waive the right to a hearing in this matter if this consent order is issued. I understand that this stipulation and consent order will be presented to the Commissioner for approval and the Commissioner may or may not issue this consent order. I waive any objection to the Commissioner deciding this case following a hearing in the event the consent order is not approved. Lastly, I waive the right to a hearing should our private passenger nonfleet automobile rules and rates be automatically withdrawn pursuant to the provisions of paragraph 3 of the consent order.


John A. Williamson

CRANBROOK INSURANCE UNDER-
WRITERS AGENCY, INC.


By: _____
Its: PRESIDENT

The Office of Financial and Insurance Services staff approves this stipulation and recommends that the Commissioner issue the above consent order.


Joyee A. Karr Tracy Post
Deputy Commissioner Staff Attorney

Dated: 11/25/06